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1989 Annual Report

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

91-06830/

Annual Report of the Saskatchewan Pork Producers Marketing Board For the Year 1989

Directors

Richard Wright, Wawota	Chairman
Ben Gaudet, Bellevue	Vice-Chairman
Harvey Wagner, Hague	Vice-Chairman
Irvin Yorga, Flintoft	
Donald Kolla, Cudworth	
Rick Klassen, Watrous	
Peter Volk, Tramping Lake	

Administration

Jim Morris	General Manager
Don Hrapchak	Sales Manager
Ron Belke	Assembly and Transportation Manager
Larry Walker	Office Manager/Accountant
Sharon Perkins	Promotions Manager
Monique Tremblay	Technology Transfer Coordinator
Jack McClung	Information Officer/ Editor Saskatchewan Pork News

Head Office

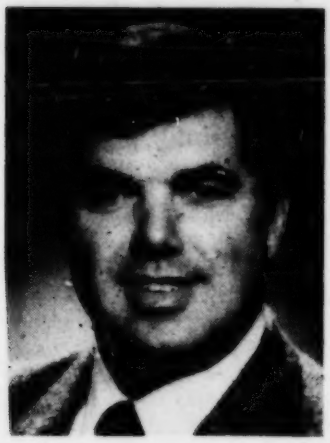
502 Forty-Fifth Street West
Saskatoon, Saskatchewan
S7L 6H2

1989 Marketing Summary

	1989	1988
Total Hogs Sold (Saskatchewan Origin)	1,069,956	1,027,675
Hogs Settled by Small Plants and Sow Auctions	37,506	22,975
Total Saskatchewan Production	1,107,462	1,050,650
Active Producers	*5,371	6,411
Gross Paid to Producers	$112,673,675.60	$109,946,876,07
Weekly Delivery Highlights		
High - week ending June 30	29,932	
Pool price that week	$134.50	
Low - week ending February 3	14,410	
Pool price that week	$123.40	
Average weekly deliveries	20,576	19,763
Grading Highlights		
Average Index (excluding 67's)	103.0	102.1
% hogs grading 101 and over	67.2	65.9
Average hog weight, dressed (kg)	80.1	80.5
Price Highlights		
Average hog price ($/ckg, dressed, index 100)	$127.64	$130.89
Average gross value per hog	$105.32	$107.33
High - pool price week ending July 21	$143.40	
Low - pool price week ending March 31	$105.90	
Average sow price ($/ckg, dressed, #1 Heavy)	$ 85.18	$ 77.62
Boar Sales		
Number sold	5,063	5,128
Average price ($/ckg, live)	$42.03	$46.33

*January 1, 1989 to September 30, 1989.
Note: Prices expressed in dollars per 100 kilograms; weights expressed in kilograms.

Chairman's Report



It is a privilege to have this opportunity to highlight the Board's activities in 1989, to comment on industry events and also to identify incidents that will require future attention.

The Board continued to operate within an industry buffeted by a number of oppressive forces, making it a more demanding task to maintain the direction we adopted several years ago - to, as prudently as possible, diversify our markets and extend our involvement in the marketing process.

The single most significant event to adversely affect the well being of our members in 1989, was the ruling by the U.S. International Trade Commission which imposed a countervailing duty on exports of Canadian fresh, chilled and frozen pork to the United States.

The duty, combined with low hog prices and depressed prices and drought in the Saskatchewan grain sector generated much concern, stress and uncertainty among Saskatchewan producers. It is galling for me to see that U.S. protectionist sentiment is allowed to be expressed in such an unjustified and cruel manner. Fortunately, the Tripartite Program alleviated some of the effects of low prices and offset some programs that benefit pork producers in the United States.

Another problem that arose in 1989 was the harassment of fresh pork shipments at United States border inspection points. This practice definitely conflicts with the spirit of the Canada/U.S. Free Trade Agreement. Canadian meat exporters and U.S. importers have faced the problem squarely, and by implementing reciprocity of inspection for a one-year trial period, it appears this trade deterrent is headed for speedy resolution. We trust that similar, decisive action will bring about swift resolution of problems in other areas.

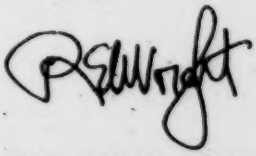
It seems that Saskatchewan production may be stabilizing, in contrast to the wild "grain driven economy" swings we have experienced in the past. Production was up slightly from 1988, and for the second consecutive year, over one million hogs. Again, the Board was able to locate suitable markets for the increased production. Feed grain prices remained stable, reducing the uncertainty of a major cost-of-production component.

New trade opportunities are unfolding around the world. To assure Canadian exporters of pork products of their place in the global market, we must pursue these opportunities aggressively. The traditional market for our pork products can not be taken for granted. It is becoming increasingly necessary to promote the development of new products and to enhance the image of pork in the eyes of the consumer.

The state of the meat packing industry continues to cause great concern. Plant closings, disruptions caused by labour disputes, consolidation and other problems, plague the industry. To eliminate these uncertainties and thereby establish a more viable and stable meat packing sector, is one of our greatest challenges.

Other essential issues that confront us at this time include animal welfare, environmental concerns, farm finance and feed grain policy. The Board will continue to employ its energy and resources as effectively as possible to confront and resolve these issues.

In spite of the difficulties of 1989, some encouraging developments took place which will prove to be of great benefit to the Saskatchewan hog industry. Also, there are positive signs on the horizon. Producers and the Board must be fully prepared to take advantage of them.



Richard Wright, Chairman.

Market Review

Don Hrapchak
Sales Manager

The final year of the decade was, perhaps, a forewarning of what producers could expect in the 1990's. Prices remained low and production was higher than anticipated. Countervailing duties and contingency liabilities were the predominant issues of the year.

Canadian shipments of fresh, chilled and frozen pork to the U. S. had been spared the countervailing duties imposed on live hog shipments. But, in May of 1989 that changed, and Canadian pork was burdened with a countervailing duty of 3.5 cents per pound. In September, the final appeal failed and the duty on pork remained. With confirmation of the duty came the prospect of contingency liabilities for which all exporters of Canadian pork to the United States will be liable.

Saskatchewan hog prices in 1989 were well below profitable levels. Prices in the first quarter were $117.20/100 kg, rising slightly to $124.12/100 kg in the second quarter, peaking at $136.42/100 kg in the third quarter, and dropping to $134.93/100 kg in the fourth quarter. These prices were below break even levels, and only generous support program payments helped producers survive the financial strain.

Saskatchewan production increased four percent in 1989 to 1,064,712 hogs, the second consecutive year that production topped the million mark. As in 1988, Western Canada led all other provinces, with production increases ranging from four to six percent above a year earlier.

North American hog production increased again in 1989. Canada and the United States each registered a one percent increase, with U.S. federally inspected slaughter rising to 86 million and Canada's total increasing to 15.4 million.

The majority of available Saskatchewan hogs were slaughtered at Intercontinental Packers, Saskatoon, and Moose Jaw Packers, Moose Jaw. Hog sales to the United States almost doubled in 1989, to 6.3% of total sales. Shipments to other Canadian provinces totalled 3.2% of marketings.

Imposition of the countervailing duty resulted in reduced pork exports to the United States. Shipments in 1989 totalled about 250,000 tons, approximately half the 1988 figure. The decline in pork shipments was somewhat offset by a small increase in live hog shipments to the U.S.

The forecast for 1990 is promising. A production decline is anticipated in both Canada and the United States; when coupled with the possibility of new world markets, this decline should create greater demand for pork, raising pork prices closer to profitable levels.

Operations Summary

Jim Morris
General Manager

A major achievement in 1989 was replacement of the Board's outdated, leased computer facilities with a wholly owned and operated system utilizing new and more powerful software configured by Garman Software Services Limited.

The conversion was effected October 1, 1989, with a minimum of producer inconvenience - producer settlement cheques fell only one day behind during the first week of operation, although some other start up problems were experienced. The new more powerful system will improve accounting capabilities, reduce costs, enable staff to access producer information faster, thereby reducing time to process complaints and to generate industry statistics.

The Board anticipates the fully "in house" system will pay for itself within three to five years, resulting in substantial long-term savings.

For the second consecutive year Board staff marketed over one million hogs. This was accomplished during a period fraught with major market uncertainties and implementation of the pork countervailing duty.

The Pork Board building purchased in 1986 was, at year end, fully occupied with rents fully covering mortgage payments.

In the marketing sector, in spite of increased expenses, the Board held the line on producer marketing costs and still achieved a modest profit at year end. Whether these profits are sufficient to allow continued marketing system improvements to be financed from profit is questionable.

The marketing levy and Central Assembly Yard rates were maintained at the same level as in 1988 due to major efforts in cost control and the economies associated with greater throughput.

The Board leased the former Saskatoon Public Stockyards in April of 1989 for use as a sow and boar assembly point.

Modifications were made to some hog handling facilities to reduce losses caused by abnormally hot weather and congestion in 1988. The improvements resulted in losses dropping to acceptable levels in 1989, and the Board was able to hold premiums at the 1988 rate.

Moose Jaw Packers, in which the Board purchased a minority interest in 1988, had another successful year. The Board again realized a return on its investment, which is noted in the financial statement.

The plant's cooler, freezer and barn space were expanded; hide handling facilities were improved in 1989; and weekly boar kill was implemented.

In 1989 the Board established a wholly owned trucking company. The firm, now named Krop Transport, transports Moose Jaw product to the U.S. and the west coast, and with back-haul contracts, the investment returned a profit in its first year of operation.

The Board continued to administer the federal Tripartite Program and the provincial SHARP Program.

The traditional round of February regional meetings was increased from 12 to 13 in 1989.

Pork Promotion

Sharon Perkins
Promotions Manager

The pork promotion levy for the first six months of 1989 was twenty-three cents per hog. Canada Pork received fifteen cents of this, using ten cents to fund retail promotions and five cents for the foodservice program. The remaining eight cents remained in Saskatchewan to fund provincial promotions.

In July, contributions to Canada Pork were raised ten cents to twenty-five cents per hog, increasing the levy for the last six months to thirty-three cents per hog. The additional ten cents was invested in a study of television advertising. The study concluded that because of economic constraints within the industry and the high cost of an effective television campaign, TV was too expensive to undertake in 1989 or 1990. Instead, the additional money will be used to expand Canada Pork's current programs and to produce promotion material.

Pork promotion campaigns aimed at the foodservice sector, coupled with pork's excellent profit margin, resulted in more pork on restaurant and institutional menus. The campaigns were reinforced by working with chefs, both through their local associations and individually.

Canada Pork coordinated a national restaurant promotions with Canadian Airlines, Sears, Versa Foods, the Canadian Armed Forces and Eastern hotel chains.

The Saskatoon Chefs' Association offered pork as an entree their feature dinners twice in 1989.

A Saskatoon apprentice chef also won a silver medal in the Western Region of the Canada Pork/Knorr Swiss Canadian Culinary Scholarship Competition.

Canada Pork expanded their retail program to include pork strips, lean ground pork and crown roast, in addition to pork steak.

The Saskatchewan Pork Producers Marketing Board was involved in seminars with IGA Meat Managers, Federated Co-op Meat Managers and the Canadian Federation of Independent Grocers Meat Cutting Seminar.

An informal review of Canada Pork retail promotional materials revealed limited utilization of the programs. Canada Pork was advised and was requested to design programs with more regional adaptability. Some changes have been forthcoming.

In the prairie region, Safeway has traditionally resisted using pork promotional programs. The Saskatchewan Pork Producers Marketing Board in conjunction with Manitoba Pork developed a program specifically for Safeway.

The crown roast promotion from Canada Pork, designed for the holiday season, was delivered in this manner and the pick-up was much improved.

Canada Pork and Agriculture Canada developed an updated, multi-use technical meat chart which pictures the numerous pork cuts on the front; and storage, cooking and nutritional information on the reverse. The chart has been well received by educators, nutritionists, the retail meat trade and foodservice operators.

Due to the excellent response to the Canadian Meat Month presentation in 1988, Helen Bishop MacDonald, former nutritionist for the Olympic Games, was invited for a return engagement entitled, *Food in the Fast Lane.*

Canada Pork saw some major staff changes in 1989. Julie Black was hired to coordinate the promotional newsletter and assist in national foodservice promotions; and Cathy Root was hired in British columbia as a Western representative. General Manager Keith Overbaugh was replaced in November by Margery Taylor.

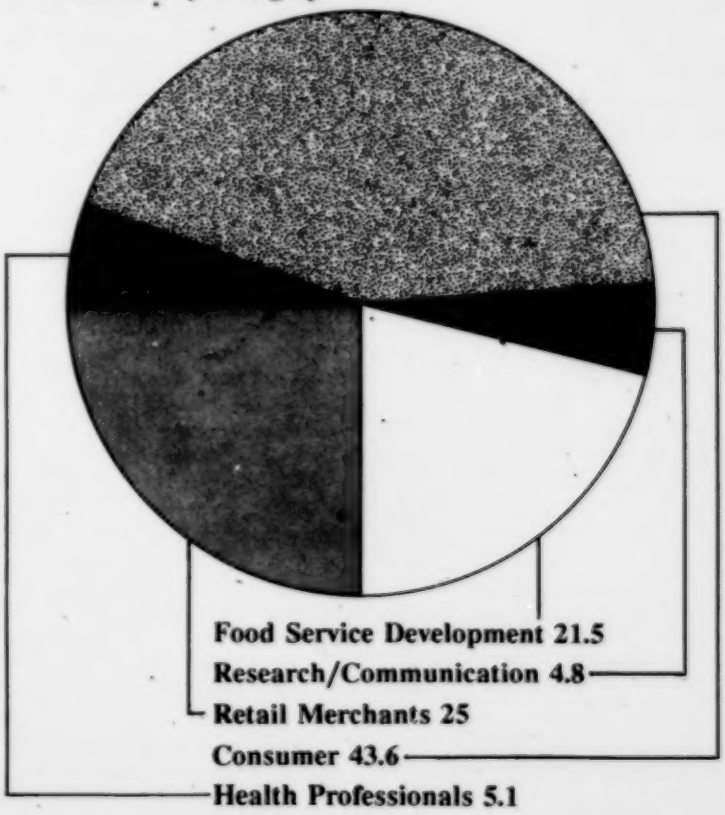
Canada Pork held its fall national staff meeting in Saskatoon in September. Alberta, unfortunately, is not participating in the Canada Pork program.

Agribition was again a success. The Western Lifestyle Showcase demonstrated how to cook pork in the microwave. The Agri-Ed Showcase gave adults and students a hands-on learning experience about pork, from animal production to food. The Bacon-on-a-Bun booth was successful with the profits returned to the Board to assist with promotion.

Nineteen eighty nine saw many changes in the promotions area. These changes set the stage for expansion and success in the 90's.

Canada Pork - 1990
Total Budget - $2,126,000

% Allocation by Category



Allocation of 25¢

Consumer Oriented	**$0.109**
Retail Merchandising	**0.063**
Foodservice Development	**0.054**
Health Professional	**0.013**
Research/Communication	**0.011**
Total	**$0.250**

1989 Delegate Election Results

David Francis,
Saskatchewan Agriculture
Returning Officer

As official returning officer for the election of five delegates in each of the regions 1, 3, 5 and 7, my report is as follows:

All nominations for the delegate positions had to be postmarked not later than February 28, 1989. The official number of nominations received were:

Region 1 - 6
Region 3 - 2
Region 5 - 3
Region 7 - 7

Each region is allowed five delegates. There were not enough delegate nominations in regions 3 and 5 to warrant an election. Therefore, the following candidates were declared delegates by acclamation for their appropriate region:

Region 3 - Raymond Gatzke, Spiritwood; Peter Volk, Tramping Lake.

Region 5 - Rick Klassen, Watrous; Dennis Schutz, Churchbridge; Harvey Thiessen, Watrous.

Regions 1 and 7 had enough nominations to hold a mail-in election. Ballots and return envelopes were mailed to all eligible voters in the two regions. In conjunction with the S.P.P.M.B., an eligible voters list was generated by Westbridge on March 2, 1989. This list was used to check all returned voting envelopes for voting eligibility and to ensure that no registrant voted more than once.

Voting statistics for each region were:

Region 1:	
No. of eligible voters -	530
Total ballots returned -	68
Spoiled or late returns -	2
Ballots counted -	66
% return -	12.8%
% return and countable	-12.5%

Region 7:	
No. of eligible voters -	505
Total ballots returned -	139
Spoiled or late returns -	3
Ballots counted -	136
% return -	27.5%
% return and countable	-26.9%

Two ballot envelopes were returned with no region or producer identification. It was impossible to verify these ballots; therefore, they were not processed.

Official Vote Count For Each Candidate

Region 1: Declared Elected

Irene Cruson, Regina -	40
Dwain Davies, Arcola -	34
Brian Tennant, Kipling -	41
Dennis Rutten, Carlyle -	36
Richard Wright, Wawota -	40

Defeated

Frank Mycock, Craven -	32

Region 7: Declared Elected

Chris Crone, Annaheim	64
John Kirzinger, Leroy	70
Don Kolla, Cudworth	70
Dennis Merkosky, Humboldt	64
Paul Ulrich, Spalding	66

Defeated

Garry Fetter, Leroy	43
Florian Possberg, Burr	58

Through election or acclamation, I declare the following people delegates for their region.

Region 1:
Irene Cruson, Regina
Dwain Davies, Arcola
Brian Tennant, Kipling
Dennis Rutten, Carlyle
Richard Wright, Wawota

Region 3:
Raymond Gatzke, Spiritwood
Peter Volk, Tramping Lake
*Herb Dunser, Medstead

Region 5:
Rick Klassen, Watrous
Dennis Shutz, Churchbridge
Harvey Thiessen, Watrous

Region 7:
Chris Crone, Annaheim
John Kirzinger, Leroy
Don Kolla, Cudworth
Dennis Merkosky, Humboldt
Paul Ulrich, Spalding

Dated this 30th day of March 1989

* Herb Dunser was subsequently appointed Delegate by Region #3 Delegates under an option stipulated in the S.P.P.M.B. Marketing Orders. The remaining four Delegate positions were not filled as Region #3 and #5 Delegates elected to discuss the situation at the 1990 Annual Meeting.

Nineteen resolutions were presented to Delegates attending the Annual Meeting. Of these, eleven were carried, six were defeated and two were declared redundant.

Elected to the 1988 Resolutions Committee were Irene Cruson, Chairwoman, Don Mortenson and Wayne Vermette.

Directors and Delegates, 1989

Region #1
Richard Wright, Wawota, Chairman
Irene Cruson, Regina
Dwain Davis, Arcola
Dennis Rutten, Carlyle
Brian Tennant, Kipling

Region #2
Irvin Yorga, Flintoft, Director
John George, Climax
Glenn Hepworth, Assiniboia
Albert Jans, Maple Creek
Wayne Vermette, Kyle

Region #3
Ken Jamieson, Battleford, Director, Second Vice-Chairman
Herb Dunser, Medstead
Raymond Gatzke, Spiritwood
Lorrie Reed, Elrose
Peter Volk, Tramping Lake

Region #4
Harvey Wagner, Hague, Director
Scott Gattey, Outlook
Cornelius Hiebert, Osler
Bernard La Bar, Birsay
Peter Unger, Hague

Region #5
Garth Larson, Semans, Director, First Vice-Chairman
Doug Edwards, Nokomis
Don Mortenson, Govan
Dennis Schutz, Churchbridge
Keith Stephens, Balcarres

Region #6
Bernard Gaudet, Bellevue, Director
Marc Cousin, Bellevue
Harold Fast, Spiritwood
Dean McDermott, Nipawin
Roger Thibault, St. Benedict

Region #7
Donald Kolla, Cudworth, Director
Gregor Kehrig, Bruno
John Kirzinger, Leroy
Dennis Merkosky, Humboldt
Paul Ulrich, Spalding

Swine Herd Technology Transfer Program

Monique Tremblay
Coordinator

The Swine Herd Technology Transfer Program has been extended for two years with a new coordinator, Monique Tremblay, and significant program modifications.

One notable change in 1989 was the formation of an eight member advisory board assembled to assist the coordinator in determining the program's objectives and direction. As before, the program is administered by the Saskatchewan Pork Producers Marketing Board and funded by the Agriculture Development Fund (ADF).

The Technology Transfer Program's objective is to provide quality information, particularly management information, to producers. The information helps producers to make better and more informed management decisions.

Management information has been transferred to producers in the following ways:

1. Mutual interest producer groups which meet regularly to exchange ideas and discuss new information and management techniques. These groups benefit from the resource people and information available through the Technology Transfer Program.

2. An extensive video tape library consisting of 47 informational video tapes. In addition, a number of related management books and seminar proceedings are available for loan or purchase. This continues to be a popular program with producers.

3. Province wide seminars, including the annual Pork Industry Symposium (November 1989), Saskatchewan Pork Expo (March 1989) and PigLetter (July 1989). In addition, the Program organized five local seminars in 1989, three on ventilation and two on farrowing.

4. The Pork Industry Suppliers Directory - a catalogue of services and supplies available to Saskatchewan Pork Producers.

5. A new program feature is a quarterly newsletter, *The Manager*, which will provide producers with management information and notification of other program activities such as producer group meetings, farrowing schools or new tapes and books in the library.

Production Research Committee

Members:

Ben Gaudet, Bellevue, Chairman

Izaak Cruson, Regina

Harold Fast, Spiritwood

Keith Stephens, Balcarres

Paul Ulrich, Spalding

Dr. Al Theede, Saskatchewan Agriculture and Food, Saskatoon

The Production Research Committee operates as a sub-committee of the Saskatchewan Pork Producers Marketing Board, with a member of the Board of Directors acting as chairman.

Membership on the committee is by appointment from a list of solicited nominees. In 1990, the committee will introduce a rotational schedule whereby one member will be replaced each year. The first rotation will take place in January, with Brian Tennant of Kipling replacing Paul Ulrich of Spalding.

Committee funding is derived from two sources: a 0.05 percent check-off per hog marketed, and interest accrued from a Province of Saskatchewan $130,000 grant bestowed when the committee was formed.

The Committee's principal activities in 1989 include:

- Funding of approximately $19,000 per year toward support of the Swine Research Chair at the Veterinary Infectious Diseases Organization (VIDO), University of Saskatchewan, Saskatoon. The support is a cooperative effort of the western pork boards and is based on annual provincial production.

- Funding of $25,000 to the Prairie Swine Research Centre, University of Saskatchewan, to support the position of Research Director.

- Sponsorship of the annual Saskatchewan Pork Industry Symposium and Pork Expo.

- Support of the Prairie Swine Centre's research project *Defining Energy: Amino Acid Ratios In Diets For Market Hogs*.

The Production Research Committee has identified the following "new incentives" to pursue in 1990:

- Condensation of collection and reporting of slaughter floor/meat inspection information.

- Support of animal welfare initiatives such as the research chair being created at the Western College of Veterinary Medicine, University of Saskatchewan.

- Improved communication links with other sectors of agriculture, particularly Pulse Crop growers, barley growers and Canola growers.

- Support for improvement of pork producers' farm management and decision making skills.

Producers who are interested in becoming a committee member are requested to submit their names when nominations are called.

1989's Top 21 Producers

Saskatchewan's Top 21 Producer pins were awarded at the annual Swine Symposium Banquet held November 18, at the Travelodge, Saskatoon. All producers who marketed through the S.P.P.M.B. during the period January 1, 1988 to October 21, 1988, were eligible for the quality production awards.

The Board congratulates the following producers for their exemplary production achievement.

Marketing Category	Production Unit	Average Index*
Region #1		
1,500 and Over	Dutch Farms, Regina	108.8228
500 - 1,500	Stevenson Farms, Whitewood	107.0325
500 and Under	Ronald Fonstad, Torquay	107.3063
Region #2		
1,500 and Over	Bench Colony, Shaunavon	106.3874
500 - 1,500	Ed Andres, Herbert	106.9299
500 and Under	John E. George, Climax	109.7483
Region #3		
1,500 and Over	Smiley Colony, Smiley	107.1995
500 - 1,500	Kevin James Walker, Rosetown	107.7869
500 and Under	David Fehr, Herschel	107.4348
Region #4		
1,500 and Over	Riverview Colony Ltd., Saskatoon	107.5369
500 - 1,500	Bumar Farms, Aberdeen	107.2130
500 and Under	Reginald D. Friesen, Waldheim	106.6031
Region #5		
1,500 and Over	Larson Livestock & Farms, Semans	107.0632
500 - 1,500	James R. Carter, Raymore	107.9781
500 and Under	Bruce Richard Owen, Guernsey	106.6030
Region #6		
1,500 and Over	DG & NJ Lidster, White Fox	106.4147
500 - 1,500	Gordon A. Wright, Bjorkdale	107.8336
500 and Under	Jean Denis, Domremy	107.9320
Region #7		
1,500 and Over	Paul Ulrich, Spalding	106.8900
500 - 1,500	Florian Possberg, Burr	109.3068
500 and Under	Yves Lepage, Bruno	108.1611

* Average index calculations include all hogs indexing 80 or over; dead or condemned hogs are not included.

1989 Statistical Summary

Saskatchewan Weekly Pool Prices and Marketings - 1989
(Market Hogs - $/100 Kilograms, Dressed, Index 100)
(Sows - $/100 Kilograms, Dressed, No. 1 Heavy)

Week Ending	Market Hog Pool Price	Sow Pool Price	Deliveries
Jan 06	116.10	72.30	20,548
Jan 13	120.20	78.00	22,637
Jan 20	117.90	82.90	25,034
Jan 27	118.50	79.50	21,637
Feb 03	123.40	78.50	14,410
Feb 10	123.30	78.70	24,247
Feb 17	121.40	79.20	22,526
Feb 24	117.20	79.50	23,339
Mar 03	117.70	79.50	19,721
Mar 10	120.10	79.50	22,168
Mar 17	117.60	80.50	20,510
Mar 24	108.20	80.50	20,661
Mar 31	105.90	76.30	27,913
Apr 07	106.00	76.30	22,819
Apr 14	110.50	71.00	23,686
Apr 21	113.50	73.50	21,992
Apr 28	110.20	75.00	23,443
May 05	113.70	74.10	21,947
May 12	115.00	77.10	21,285
May 19	126.40	79.00	20,769
May 26	124.60	80.50	19,585
Jun 02	126.10	85.80	21,529
Jun 09	133.50	90.50	22,223
Jun 16	136.80	90.80	22,291
Jun 23	139.00	89.80	21,999
Jun 30	134.50	91.40	29,932

1989 Statistical Summary

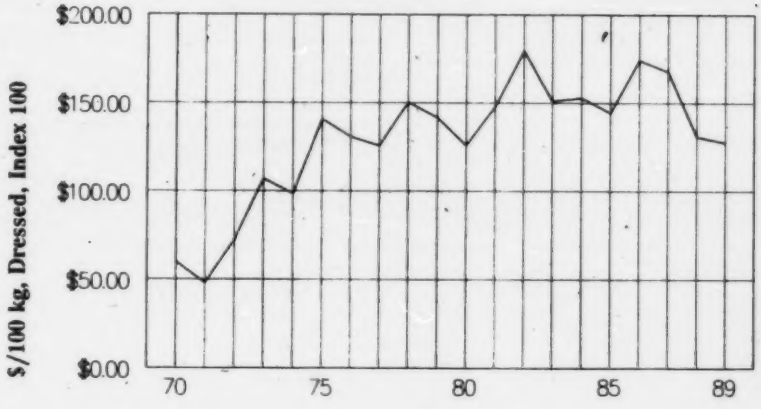
Saskatchewan Weekly Pool Prices and Marketings - 1989
(Market Hogs - $/100 Kilograms, Dressed, Index 100)
(Sows - $/100 Kilograms, Dressed, No. 1 Heavy)

Week Ending	Market Hog Pool Price	Sow Pool Price	Deliveries
Jul 07	131.70	89.10	19,794
Jul 14	141.50	87.30	20,398
Jul 21	143.40	89.00	20,612
Jul 28	141.90	88.50	19,087
Aug 04	139.50	88.50	19,948
Aug 11	136.50	88.80	16,656
Aug 18	139.50	88.90	18,665
Aug 25	142.40	89.20	17,524
Sep 01	137.70	88.00	20,911
Sep 08	128.20	87.00	15,784
Sep 15	126.90	85.60	20,372
Sep 22	132.00	86.50	18,630
Sep 29	132.00	86.70	22,973
Oct 06	134.00	87.50	17,113
Oct 13	139.50	91.90	18,443
Oct 20	139.40	96.70	20,416
Oct 27	136.20	93.20	20,134
Nov 03	135.80	93.10	19,591
Nov 10	134.40	95.00	18,388
Nov 17	132.60	91.20	20,061
Nov 24	134.10	89.50	19,500
Dec 01	139.30	89.80	20,520
Dec 08	141.20	92.50	18,987
Dec 15	137.00	92.70	19,715
Dec 22	125.70	96.20	15,321
Dec 29	119.40	96.50	15,323

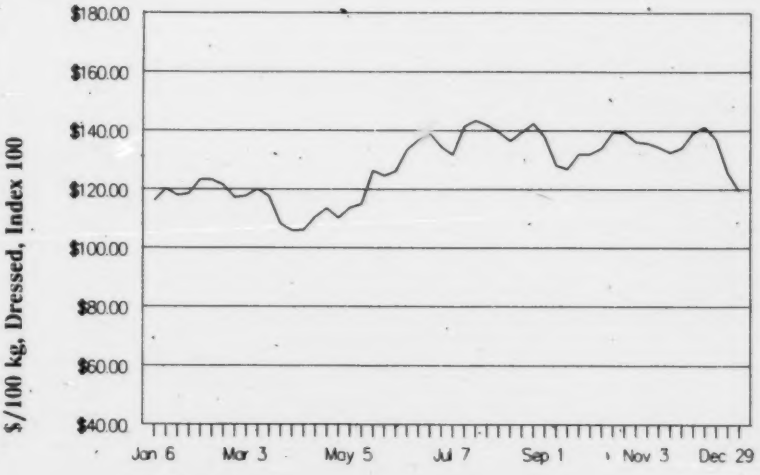
1989 Statistical Summary

Saskatchewan Average Hog Prices

1970 - 1989



1989 Saskatchewan Weekly Pool Prices



1989 Statistical Summary

SHARP
Payout by Quarter
1989

First Quarter	$1,769,952.52
Second Quarter	1,350,077.84
Third Quarter	405,982.74
Fourth Quarter	968,770.33
Total Payout	$4,494,783.43
Participants at December 31, 1989	3,076

Source: S.P.P.M.B.

As stipulated by the National Tripartite Stabilization Program, from January 1, 1989 to March 31, 1989, SHARP payments were reduced to 50 percent of normal and from April 1, 1989 to December 31, 1989, payments were phased down to 30 percent of normal.

Destination of Hogs
1989 Compared to 1988

Destination	1989	1988
Saskatchewan	967,717	972,923
Percent Total	90.44	94.67
Other Provinces	34,351	17,291
Percent Total	3.21	1.68
U.S.A.	67,888	37,461
Percent Total	6.34	3.65
Totals	1,069,956	1,072,675
	99.99	100.00

Source: S.P.P.M.B.

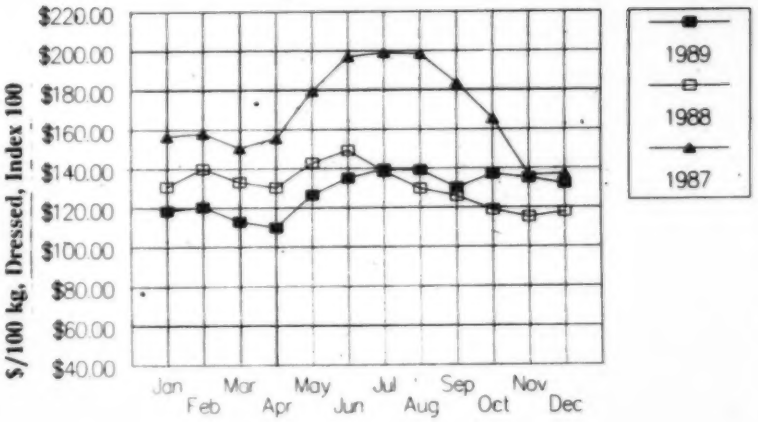
1989
Summary of Boar Sales
($/100 kg, Live)

Date	Number of Boars	Price
Jan 04	101	$44.30
Jan 18	235	41.90
Feb 11	140	39.00
Feb 15	218	40.20
Mar 01	212	30.70
Mar 15	263	38.40
Mar 29	243	38.90
Apr 12	165	45.00
Apr 26	210	46.90
May 10	245	35.60
May 24	206	38.60
Jun 07	223	43.50
Jul 05	218	42.80
Jul 19	256	42.80
Aug 02	214	40.90
Aug 16	184	41.20
Aug 30	206	48.30
Sep 13	160	45.20
Sep 27	185	51.00
Oct 11	144	51.50
Oct 25	238	43.20
Nov 15	319	34.90
Nov 29	238	35.50
Dec 13	240	48.50
Total 1989	5,063	
Average		$42.03
Total 1988	5,128	
Average		$46.33

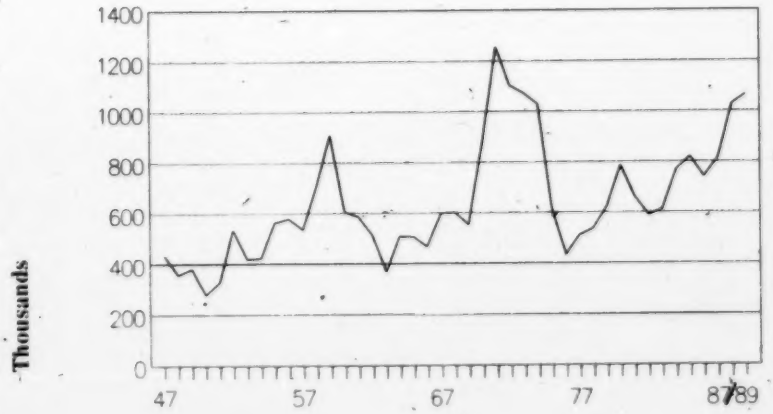
Source: S.P.P.M.B.

1989 Statistical Summary

Monthly Avg. Hog Price (Sask.)
1987 - 1989



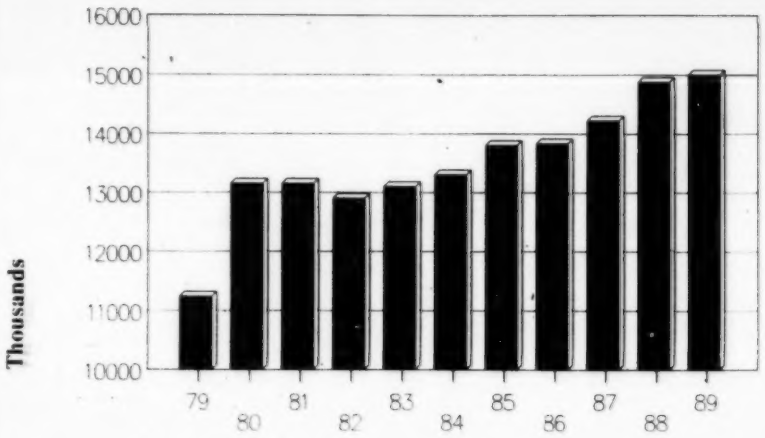
Saskatchewan Hog Settlements
1947 - 1989



1989 Statistical Summary

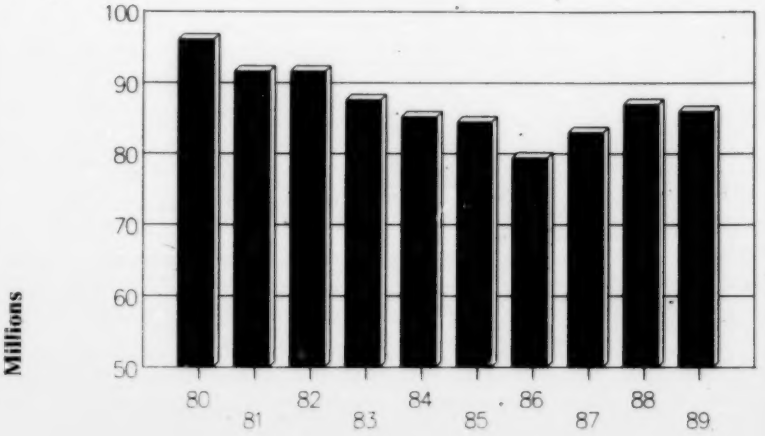
Canadian Hog Slaughter

1979 - 1989



U.S Hog Production

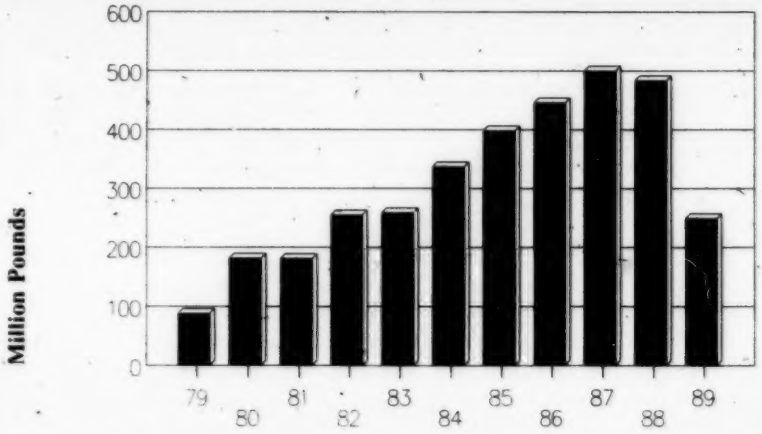
1980 - 1989



1989 Statistical Summary

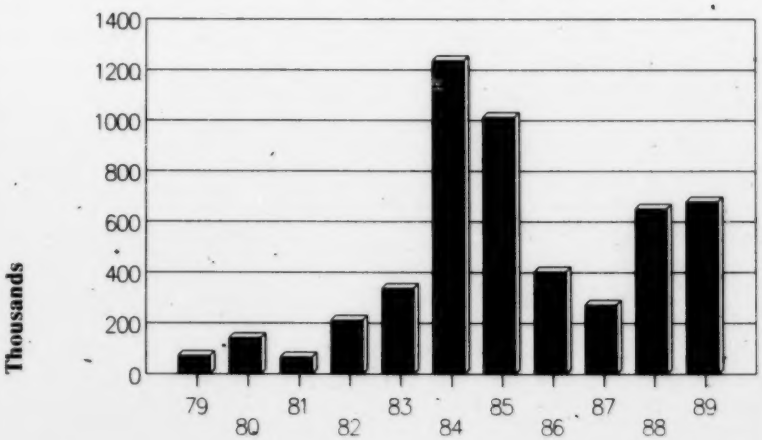
Canadian Pork Exports To U.S.

1979 – 1989



Canada - Live Hog Exports to U.S.

1979 - 1989



CONSOLIDATED FINANCIAL STATEMENTS

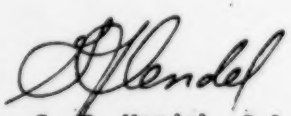
Year Ended December 31, 1989

AUDITOR'S REPORT

To the Board of Directors of the
Saskatchewan Pork Producers Marketing Board

I have examined the consolidated balance sheet of the Saskatchewan Pork Producers Marketing Board as at December 31, 1989, and the consolidated statements of operations and unappropriated equity and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Board as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
March 2, 1990.

G. F. Wendel, C.A.,
A/Provincial Auditor.

Statement 1

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

CONSOLIDATED BALANCE SHEET

As at December 31

	1989	1988
ASSETS		
Current		
Cash and short term investments	$ 135,162	$ 572,388
Accounts receivable and accrued interest	250,635	101,100
Prepaid expenses	74,066	56,450
Due from Producers' Trust Fund	1,848,989	1,090,685
	2,308,852	1,820,623
Fixed assets (Note 3)	1,294,413	1,023,612
Long term investment	226,222	212,251
	3,829,487	3,056,486
Producers' Trust Fund assets (Note 8)	4,237,094	2,887,144
	$8,066,581	$5,943,630
LIABILITIES AND EQUITY		
Current		
Bank overdraft	$ 202,347	$ --
Accounts payable		
- trade and accrued liabilities	312,333	236,036
- SHARP	73,085	123,618
- Tripartite scheme	363,593	180,409
- Canadian Pork Council Countervail Duty Contingency Fund (Note 10)	323,678	--
- other	--	50,851
	1,275,036	590,914
Mortgage payable (Note 6)	398,233	406,173
	1,673,269	997,087
Producers' Trust Fund liabilities (Note 8)	4,237,094	2,887,144
Equity		
Unappropriated equity (Statement 2)	1,850,311	1,487,142
Reserves (Note 5)	305,907	572,257
	2,156,218	2,059,399
	$8,066,581	$5,943,630

(See accompanying notes)

Chairman _____

General Manager _____

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

CONSOLIDATED STATEMENT OF OPERATIONS AND UNAPPROPRIATED EQUITY

Year Ended December 31

	1989	1988
Revenue:		
Marketing levy (Note 4)	$1,131,289	$1,104,238
Central yard	1,736,949	1,745,299
Transit insurance premiums	335,575	325,443
Transportation	549;263	--
Interest	138,730	129,432
SHARP net administration revenue	64,411	61,348
Rent	95,806	62,665
Sundry	119,185	92,077
Total revenue	4,171,208	3,520,502
Expenditure:		
General (Schedule A)	1,567,369	1,408,272
Central yard operations (Schedule A)	1,777,222	1,663,911
Transit insurance operations	226,894	376,172
Transportation	533,875	--
Total expenses	4,105,360	3,448,355
Income from operations	65,848	72,147
Investment income from Moose Jaw Packers (1974) Ltd.	30,971	21,400
Net income for the year	96,819	93,547
Unappropriated equity at beginning of year	1,487,142	1,388,478
	1,583,961	1,482,025
Appropriated (Note 5)		
Market development reserve	277,852	16,921
Research reserve	(11,502)	(11,804)
Unappropriated equity at end of year (Statement 1)	$1,850,311	$1,487,142

(See accompanying notes)

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31

	1989	1988
Cash provided by (used in) operating activities:		
Net income for the year	$ 96,819	$ 93,547
Adjustments for items not involving cash (receipts) or payments		
- investment income from Moose Jaw Packers (1974) Ltd.	(30,971)	(21,400)
- depreciation	116,368	79,609
- loss (gain) on disposal of fixed assets	(6,175)	--
	176,041	151,756
Net change in non-cash working capital balances, related to operations (Note 9)	(443,680)	663,445
Cash provided by (used in) operating activities	(267,639)	815,201
Cash provided by (used in) investment activities:		
Capital expenditures	(393,294)	(26,929)
Dividend income	17,000	--
Proceeds on sale of fixed assets	12,300	--
Purchase of long term investments	--	(190,851)
Cash used in investment activities	(363,994)	(217,780)
Cash provided by (used in) financing activities:		
Mortgage repayment	(7,940)	(7,013)
Cash used in financing activities	(7,940)	(7,013)
Net increase (decrease) in cash during the year	(639,573)	590,408
Cash position, beginning of year	572,388	(18,020)
Cash position, end of year	$(67,185)	$572,388
Represented by:		
Cash and short term investments	$135,162	$572,388
Bank overdraft	(202,347)	--
	$(67,185)	$572,388

(See accompanying notes)

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1989

1. Authority

The Saskatchewan Pork Producers Marketing Board was established by Order in Council 59/84 pursuant to section 14 of The Natural Products Marketing Act to market hogs in Saskatchewan.

2. Summary of Significant Accounting Policies

These financial statements report the levies charged and the Board's activities in the use of those levies.

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Board and its wholly owned subsidiary, Krop Transport Ltd. (KROP). KROP was acquired by the Board on March 29, 1989.

b) Long Term Investment

Long term investment consists of investment in Moose Jaw Packers (1974) Ltd. over which the Board has significant influence. This investment is accounted for using the equity method.

The difference between assigned acquisition cost and the underlying net book value of assets of Moose Jaw Packers (1974) Ltd., at the date of purchase, amounting to $93,000 is being amortized on a straight-line basis over the service life of the assets.

c) Fixed Assets

Fixed assets are recorded at cost and depreciated on a straight line basis, over their estimated useful lives. The rates of depreciation range from 5% to 20% per annum.

d) Producers' Trust Fund

The Producers' Trust Fund was established to collect funds from hog buyers and then to remit these proceeds net of deductions for shipping, insurance, Board levies and other charges, to the producer.

e) Transit Insurance

The Board administers a program of self-insurance with respect to transportation of hogs. In accordance with this program the Board receives premiums from producers and makes payments in settlement claims resulting from the loss of hogs in transit. Any surplus deficit in this program becomes the Board's revenue or expenditure each year.

3. Fixed Assets

	1989			1988
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 186,159	$ --	$ 186,159	$ 186,159
Buildings	1,138,926	409,312	729,614	785,599
Equipment	759,604	380,964	378,640	51,854
Total	$2,084,689	$790,276	$1,294,413	$1,023,612

4. Marketing Levy

A marketing levy is retained by the Board representing 1.2% of the gross value of hog sales.

Central yard revenue includes $270,876 (1988 - $257,621) of marketing levy as well.

In addition, the Board collects National Tripartite scheme levies and Saskatchewan Hogs Assured Program (SHARP) levies from the producers and remits these levies to the respective programs. These levies are not treated as revenue of the Board.

5. Reserves

Reserves are established by the Board for specific purposes as below. Amounts are appropriated from (to) the unappropriated equity annually as determined by the Board of Directors.

i) Market Development Reserve

An amount of $400,000 was received in 1973 from the Department of Agriculture for the purpose of assisting in the promotion and development of export markets for Saskatchewan pork and pork products. Subsequent to 1973, an amount equal to the net cost of the market development activities has been appropriated from this reserve by the Board every year. In 1989, the Board decided to close this reserve and transfer the balance to unappropriated equity.

ii) Research Reserve

In 1984, the Saskatchewan Pork Producers Marketing Board received an amount of $130,000 from the Government of Saskatchewan to fund research, promotion and producer education. Subsequent to 1984, an amount equal to a portion of the marketing levy designated by the Board less the related research expenses has been appropriated to this reserve by the Board every year.

Reserve Balances

	Market Development	Research Reserve	Total
Balance, January 1, 1989	$277,852	$294,405	$572,257
Appropriated in 1989	(277,852)	11,502	(266,350)
Balance, December 31, 1989	$ --	$305,907	$305,907

6. Mortgage Payable

On July 3, 1986, the Board assumed a 12 1/2% mortgage upon purchase of an office building in Saskatoon. Annual principal and interest payments on the mortgage are $56,988 with the balance due on September 1, 1990.

7. Related Party

The Board has a sufficient percentage of the outstanding common shares of Moose Jaw Packers (1974) Ltd. (the Company) to be able to exercise significant influence over the Company. Therefore, the Company is considered to be a related party.

The Board acts as a guarantor of a line of credit and long term loans for the Company. As at December 31, 1989, the Board's outstanding contingent liability amounted to $503,000.

Included in the Producers' Trust Fund, assets and liabilities are balances resulting from routine operating transactions conducted at prevailing market prices with this Company.

8. Producers' Trust Fund

	1989	1988
Trust fund assets are comprised of:		
Cash	$ 661,903	$ --
Accounts receivable	3,365,720	2,554,005
Processed pork for resale	209,471	333,139
	$4,237,094	$2,887,144
Trust fund liabilities are comprised of:		
Bank overdraft	$ --	$ 682,229
Accounts payable	2,388,105	1,114,230
Due to Board	1,848,989	1,090,685
	$4,237,094	$2,887,144

9. Non-Cash Working Capital Changes

	1989	1988
Accounts receivable and accrued interest	$(149,535)	$(13,423)
Prepaid expenses	(17,616)	43,835
Due from trust	(758,304)	750,574
Accounts payable	481,775	(117,541)
	$(443,680)	$663,445

10. Canadian Pork Council Countervail Duty Contingency Fund (Fund)

In accordance with the agreement, between the Canadian Pork Council and the Board dated October 23, 1989, the Board collected, from the producers, a specified amount per hog marketed by the Board as contribution to this Fund. No remittance has been made to this Fund by the Board pending finalization of arrangements with pork marketing organizations of other Provinces. In the event that these arrangements are not finalized, the amounts collected will be returned to the producers.

11. Comparative Information

Certain 1988 balances have been reclassified to conform with the current year's presentation.

Schedule A

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

SCHEDULE OF EXPENDITURE

Year Ended December 31

	1989	1988
GENERAL		
Advertising and producer information	$ 74,286	$ 48,096
Automobile and travel	44,597	38,466
Building rent and maintenance	61,966	63,622
Directors' and delegates' expense	91,056	98,831
Communications	91,449	97,507
Computer services and maintenance	85,731	98,420
Depreciation and amortization	41,265	31,224
Interest and bank charges	66,529	68,698
Printing, postage and stationery	80,625	77,852
Professional services	3,606	1,704
Salaries and employee benefits	472,532	457,825
Sundry	107,951	103,490
Canadian Pork Council fees	64,851	30,384
Grants, dues and related expenditures	92,760	62,452
Pork promotions	188,165	129,701
	$1,567,369	$1,408,272
CENTRAL YARD OPERATIONS		
Depreciation	$ 44,114	$ 48,385
Salaries and employee benefits	153,179	125,275
Trucking	1,203,009	1,173,319
Yard rentals	215,629	199,239
Property taxes and utilities	46,452	37,694
Repairs and maintenance	36,807	39,275
Other	78,032	40,724
	$1,777,222	$1,663,911